

Idaho Legislative Audits  
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## Office of the Attorney General

### Management Report on Internal Control

Issued: October 4, 2004  
Fiscal Year: 2001, 2002, and 2003



## EXECUTIVE SUMMARY LEGISLATIVE AUDITS

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### OFFICE OF THE ATTORNEY GENERAL

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**PURPOSE AND SCOPE.** In planning and making our audit of the statewide basic financial statements, we performed certain audit procedures to evaluate the effectiveness of the Office of the Attorney General's internal control design and operation. Consequently, the limited scope of our procedures does not allow us to give an opinion on the Office's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed.

Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. This evaluation, together with other evaluations and various audit procedures applied at other agencies, allows us to express an opinion on the statewide basic financial statements prepared by the State Controller's Office.

**CONCLUSION.** We noted no matters involving the internal control over the Office's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

**FINDINGS AND RECOMMENDATIONS.** There are no findings and recommendations in this report, nor the prior report.

**AGENCY RESPONSE.** The Office of the Attorney General has reviewed the report and is in general agreement with its contents.

**FINANCIAL SUMMARY.** The procedures completed and described above help us express our opinion on the fairness of presentation of the *Statewide Comprehensive Annual Financial Report (CAFR)*. Although no opinion is given on the financial data presented in this report, one is given on all State funds in the *CAFR*, including the financial data presented here.

The Office is funded primarily by General Fund appropriations. These funds are used to pay for administrative operations, the Special Litigation Program, and deputy attorneys general salaries. The costs of providing legal services to State agencies are collected through the Statewide Cost Allocation Plan (SWCAP), and are deposited to the Indirect Cost Recovery Fund. This money is then transferred to the General Fund. The Miscellaneous Revenue Fund is used to account for the costs of specific litigation, such as consumer protection cases.

The Office no longer utilizes the Federal Fund or the Professional Services Fund. The federal grants expired in fiscal year 2002, and the final expenditures associated with those grants were made in fiscal year 2003. The Professional Services Fund was used to collect fees billed to various agencies for deputy attorneys general services. Now that the Office participates in the SWCAP, those revenues and expenses are processed through the Indirect Cost Recovery Fund and the General Fund.

**Office of the Attorney General – Financial Statements**

FY 2001	General Fund 0001	Federal Fund 0348	Miscellaneous Revenue Fund 0349	Professional Services Fund 0475	Total
Beginning Balance	\$0	\$58,437	\$664,344	\$162,261	\$885,042
Appropriations	7,246,200	0	0	0	7,246,200
Beginning Encumbrances	851,598	0	0	0	851,598
Receipts and Suspense items	738	168,217	579,673	8,000,354	8,748,982
Total Funds Available	\$8,098,536	\$226,654	\$1,244,017	\$8,162,615	\$17,731,822
Personnel Costs	3,975,546	106,702	225,644	7,478,085	11,785,977
Operating Expenditures	2,375,628	46,279	139,922	272,076	2,833,905
Capital Outlay	170,333	50,002	183,591	101,320	505,246
Total Expenditures	\$6,521,507	\$202,983	\$549,157	\$7,851,481	\$15,125,128
Ending Appropriation/Fund Balance	1,577,029	23,671	694,860	311,134	2,606,694
Encumbrances	66,380	0	6,108	0	72,488
Ending Free Fund Balance/Reversion	\$1,510,649	\$23,671	\$688,752	\$311,134	\$2,534,206

FY 2002	General Fund 0001	Indirect Cost Recovery Fund 0125	Federal Fund 0348	Miscellaneous Revenue Fund 0349	Professional Services Fund 0475	Custodial Fund 0630	Total
Beginning Balance	\$0	\$0	\$23,671	\$688,752	\$311,134	\$0	\$1,023,557
Prior Year Reappropriation	1,502,511	0	0	0	0	0	1,502,511
Appropriations	15,565,500	0	0	0	0	0	15,565,500
Beginning Encumbrances	66,380	0	0	6,108	0	0	72,488
Receipts and Suspense items	990	7,107,561	139,020	1,292,981	0	11,031	8,551,583
Total Funds Available	\$17,135,381	\$7,107,561	\$162,691	\$1,987,841	\$311,134	\$11,031	\$26,715,639
Personnel Costs	12,636,379	0	112,059	38,676	0	0	12,787,114
Operating Expenditures	2,130,079	0	39,339	91,352	0	0	2,260,770
Capital Outlay	218,388	0	1,023	0	0	0	219,411
Total Expenditures	\$14,984,846	\$0	\$152,421	\$130,028	\$0	\$0	\$15,267,295
Ending Appropriation/Fund Balance	2,150,535	7,107,561	10,270	1,857,813	311,134	11,031	11,448,344
Transfers Out	0	7,107,561	0	510,948	311,134	11,019	7,940,662
Encumbrances	2,010,777	0	0	4,766	0	0	2,015,543
Ending Free Fund Balance/Reversion	\$139,758	\$0	\$10,270	\$1,342,099	\$0	\$12	\$1,492,139

FY 2003	General Fund 0001	Indirect Cost Recovery Fund 0125	Federal Fund 0348	Miscellaneous Revenue Fund 0349	Custodial Fund 0630	Total
Beginning Balance	\$0	\$0	\$10,270	\$1,342,099	\$12	\$1,352,381
Appropriations	13,618,400	0	0	0	0	13,618,400
Beginning Encumbrances	2,010,777	0	0	4,766	0	2,015,543
Receipts and Transfers In	1,611	7,629,890	10,305	1,119,437	1,412,234	10,173,477
Total Funds Available	\$15,630,788	\$7,629,890	\$20,575	\$2,466,302	\$1,412,246	\$27,159,801
Personnel Costs	12,001,560	0	8,704	49,514	0	12,059,778
Operating Expenditures	1,133,842	0	10,555	56,043	0	1,200,440
Capital Outlay	26,591	0	1,316	0	0	27,907
Total Expenditures	\$13,161,993	\$0	\$20,575	\$105,557	\$0	\$13,288,125
Ending Appropriation/Fund Balance	2,468,795	7,629,890	0	2,360,745	1,412,246	13,871,676
Transfers Out	0	7,629,890	0	1,181,465	1,098,540	9,909,895
Encumbrances	1,930,588	0	0	0	0	1,930,588
Ending Free Fund Balance/Reversion	\$538,207	\$0	\$0	\$1,179,280	\$313,706	\$2,031,193

The Office collected receipts in the amount of \$34,955.04, \$106,275.14, and \$198,379.55 for fiscal years 2003, 2002, and 2001, respectively. These receipts are primarily reimbursements for prosecution efforts on behalf of local governments, and are deposited to the General Fund.

The Indirect Cost Recovery Fund 0125 was first utilized in fiscal year 2002 to receive the Office's share of the SWCAP, in order to cover the cost of providing legal services to State agencies. These services used to be directly billed to various State agencies and deposited in the Professional Services Fund 0475, which is no longer used. The receipts from the Indirect Cost Recovery Fund are then transferred to the General Fund.

**OTHER ISSUES.** We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Office of the Attorney General and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given us by the Idaho Attorney General, Lawrence Wasden, and his staff.

**QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:**

Ray Ineck, CGFM, Supervisor, Legislative Audits

Report IC16003

For a copy of the entire audit report, contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.